

## THIS IS GREMLIN

Gremlin Industries was incorporated in early 1970, and became dedicated to the coin operated industry in 1972 with the introduction of its first game, "PLAY BALL". This game marked a dramatic improvement in the quality of wall games that were popular at that time, and entered the company into a period of rapid growth.

By 1975 the Company had expanded to the point that it had outgrown a number of temporary facilities and moved into its present headquarters at 8401 Aero Drive. It was here, in 1976, that it introduced its first video game and established itself as a major manufacturer in the coin operated amusement industry.

Growth continued through the next two years while Gremlin continued to establish a growing reputation for quality product and technical capability and introduced a full line of video game products.

In September of 1978, the Company was acquired by SEGA Enterprises, Century City, California, a corporation with over 25 years of experience in the amusement industry. The additional strength that this imparted to the Company allowed Gremlin/Sega to expand aggressively into the international market, and our games are now being played by millions of people throughout the free world. With the acquisition, Gremlin gained a "sister" manufacturing company, SEGA LTD. in Tokyo, Japan, and the constant exchange of communication, product, and technical capabilities has given our operations a truly international flavor.

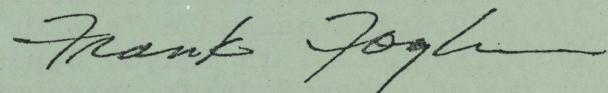
Gremlin's outlook for the future is a promising picture of continued growth in an exciting, expanding industry.

## WELCOME TO GREMLIN

We're very happy that you have selected Gremlin as the place where you want to pursue your career. We will do our best to permit you to grow and progress with us.

Gremlin Industries, Inc., a wholly owned subsidiary of Sega Enterprises, Inc., is primarily engaged in the design, manufacture, and sales of sophisticated electronic coin games and related products. We believe that we are the leaders in our field.

This employee folder has information which explains our policies and practices. If you have any questions, please ask your supervisors or the Personnel Department.



Frank Fogleman  
President

## GENERAL INFORMATION

YOUR WORK STATION

### OPEN DOOR POLICY

You are encouraged to discuss any problems concerning employment with Management. If you have a problem, you should first attempt to resolve it with your immediate supervisor. If the problem is not resolved, an interview with the next level of supervision may be arranged. If the problem persists, you may request a meeting with Personnel or with the Manager of your Department. We feel that it is important for you to know and understand that we are interested and concerned about our employees.

### APPEARANCE

You are allowed great freedom in selecting your dress. It is important, however, that you dress in a manner that meets commonly accepted standards of good taste and safety. Those employees whose mode of dress or personal appearance is unconventional to the point of being detrimental to the business environment of the Company will be sent home to make necessary changes. Repeated failure to observe reasonable habits of dress and grooming may subject an employee to disciplinary action.

### IDENTIFICATION CARDS

When you are employed, you will be provided with an identification badge with your picture, signature, and employee number. You should display your ID badge on your outer garment at all times. If you lose your badge, you may get a replacement badge for a nominal fee, which will be donated to the Employee Recreation Fund. The badge must be returned to the Personnel Department upon termination of employment.

### SOLICITATION

No solicitation or distribution of literature for any purpose is permitted at any time on Company premises by non-employees. Solicitation of any kind by employees during working time is prohibited in any Plant area. Distribution of literature by an employee concerning any matter is prohibited during his/her working time. The distribution of literature is not permitted in working areas at any time. Employees are prohibited from affixing any poster, sign, sticker, advertising propaganda matter or other device to Company buildings or property.

### SAFETY

The plant has been designed to provide the safest possible working conditions for our employees. While mechanical safeguards are provided, the responsibility for safety falls on each individual. Responsible workers learn and practice good safety habits, including good general order and neatness which will reduce the hazard of fire and accidents. Safety rules are established for your good. Unsafe working conditions should be reported immediately to your supervisor, a member of the Safety Committee, or the Personnel Office.

All requests for first aid should be directed to your supervisor or the Personnel Office for prompt attention. All injuries, no matter how minor, should be reported to your supervisor or the Personnel Office to insure proper insurance coverage if complications develop.

**YOUR WORK STATION**

A clean well-kept work station is conducive to accurate and precise work. A slipshod or dirty one reflects careless work. Although the Company employs a housekeeping service, each employee is expected to see that his work area and equipment are kept clean and orderly.

**PARKING**

Ample parking space is available for those who drive to work. Certain areas in the parking lots are reserved, however, and you are required to observe these limitations. Please observe a 12 mile per hour speed in the parking areas.

**SECURITY**

We have a 24-hour security guard on duty at all times. Please obey the instructions of the Security Personnel.

**BULLETIN BOARDS**

Memos, items of interest, announcements, and activity schedules are posted on the bulletin boards. Take a minute to stop and read them.

If you desire to post an item on the bulletin board, you must obtain approval from the Personnel Manager.

**CASES OF EMERGENCY**

In the event of an emergency at home while you are at work, instruct your family to reach you by contacting your supervisor.

**PROPRIETARY INFORMATION**

In the course of your work, you will have access to proprietary information regarding the Company. One of your most serious responsibilities is that you in no way reveal or divulge any such information, and that you use it only in the performance of your duties.

**PERSONAL STATUS**

Report changes of personal status such as address, phone, marital status, or dependency to the Personnel Office immediately.

**TELEPHONES**

The telephone system at Gremlin Industries was designed with service in mind, and is considered one of the most important channels of communication. Several pay telephones have been installed for your convenience.

**SERVICE PINS**

The Company has initiated a program for recognition of your service.

When you have been with the Company two years, your supervisor will present you with a service pin. Five, ten, and fifteen year services will all be recognized.

Wear them with pride.

## POLICIES AND PROCEDURES

### EMPLOYMENT POLICIES

Gremlin Industries, Inc. is an equal opportunity employer and adheres to an Affirmative Action Program which assures that all employees shall be treated equally with respect to compensation and opportunities for advancement, promotion, transfers, temporary layoffs, and terminations. We make no discrimination based on race, religion, creed, color, national origin, sex, age, or mental or physical handicap.

### PROBATIONARY PERIOD

For the first 90 days of your employment you will be on a probationary status. The purpose of this period is to provide an opportunity for evaluating your performance on the job and for eliminating the unqualified and unsuitable employee. At the end of 90 days, your supervisor will indicate whether you are to be retained, transferred, or terminated, or be made a permanent employee.

### PAY INCREASE

Wage and salary increases are based on merit. Your advancement and salary progress are determined by the results of your performance. Hourly employees will be reviewed every six (6) months after the date of your employment. Salaried personnel are reviewed annually in January to determine their development and progress on the job.

### PROMOTIONS

Positions are filled, by promotion from within the organization. The Personnel Department monitors employee progression in job classifications to ensure that qualified employees are considered for promotion.

### TRANSFERS

To provide for the best use of your abilities, the Company may transfer you from one job to another, predicated on changes in work load or the possibility of better utilization of your skills.

### HOURS OF WORK

The standard work week is five days of eight hours each. For payroll purposes the work week will start on Monday at 12:01 a.m. and end on Sunday at 12:00 midnight. (Watch time .03 is equivalent to .05 time clock time).

Your work hours may vary, depending on the department or job assignment. Your supervisor will tell you what hours you are expected to work.

### LUNCH PERIODS

The time of your lunch period depends on the group in which you work. If you are in production activities, your lunch period will be 30 minutes. Others will have one hour for lunch.

### COFFEE BREAKS

Your supervisor will schedule one coffee break of ten minutes duration in the morning and another one in the afternoon.

### OVERTIME

All employees are classified exempt or non-exempt in accordance with State and Federal laws. The exempt category includes salaried professional, supervisory, and administrative positions. The non-exempt category includes employees in hourly production, technical, clerical, and maintenance position. If you are in an hourly or non-exempt category, you will receive overtime pay for any work done in excess of 40 hours in any work week or in excess of 8 hours in any work day. If you are absent during any work week, and work on a Saturday or a Sunday and the total number of hours you work does not exceed 40, you are not entitled to overtime pay. Sick pay is not considered as time worked; holiday pay is. Exempt employees who are not in managerial positions are also entitled to overtime pay if in Salary Level 9 or below.

## PAYDAY

Your Paycheck is prepared by a Computer. Distribution of your paycheck is normally on Thursday for the prior work week.

## PAYROLL DEDUCTIONS

### Voluntary Deductions:

Optional insurance, Credit Union deposits and loan payments, United Way/CHAD

### Income Tax:

The amount withheld for Federal Income Tax and Resident State Income Tax will depend upon your earnings and the number of dependents you claim.

### Social Security Tax:

(Federal Insurance Contributions Act - FICA).

Withholding as required by law. Gremlin Industries contributes an equal amount to the Social Security Fund for your retirement income.

### California State Disability Insurance Tax:

Withholding as required by law.

## TIME CARDS

Your time card will be distributed to you by the Payroll Department. Since your pay will be computed from your entries, be sure that you either punch in and out as you arrive, and depart from work, and before and after lunch, or write in the appropriate times. Your supervisor will authenticate your card and sign it.

Exempt employees should fill out a time card to record absences for any reason.

### NOTE:

The policies and procedures outlined here are intended to give you general information and are not intended to supersede the Policy and Procedure Manuals or benefit plans and insurance contracts.

If you have any questions, consult your supervisor or please contact the Personnel Department.

## TARDINESS AND ABSENTEEISM

You are expected to be on time for work because you are needed to do an important job. As soon as you know that you will not be present for work, you must notify your Supervisor. You must do this each day of your absence. The Company, at its discretion, may require you to obtain from a medical authority, a clearance to return to work or certification of continued disability. If you are absent for three consecutive work days without notification, this will be treated as a voluntary termination.

## TERMINATIONS

If you wish to resign, as much notice as possible is desired, so that the proper amount of time may be devoted to the processing of your resignation and finding a suitable replacement. At least three day's notice is required in order for you to receive all payments due you on the day you leave.

On occasion, involuntary termination of employees may occur. Under these circumstances, the employee will be paid in full on his last day of work.

## COMPANY BENEFITS

### HOLIDAYS

Gremlin Industries will observe the following holidays in 1980:

- New Year's Day - January 1
- President's Day - February 18
- Good Friday - April 4
- Memorial Day - May 26
- Independence Day - July 4
- Labor Day - September 1
- Thanksgiving Day - November 27 & 28
- Christmas Day - December 25 & 26

To be eligible for holiday pay, you must work the regularly scheduled work day immediately preceding and the regularly scheduled work day immediately following the holiday. Paid Vacation or Paid Service Day on either of those days count as days worked.

### VACATIONS

All permanent full time employees earn 80 hours of paid vacation per year. After six months, you are eligible to take one week of your vacation. After the first six months, vacation is earned on a monthly basis. You may accumulate up to three weeks of vacation. After five years you will be entitled to three weeks of vacation and after 15 years to four weeks.

Paid holidays shall not be considered vacation time.

Upon termination for any reason other than for cause, you shall be paid for all vacation time earned but not used.

### SERVICE DAY CREDITS

You will accrue 4 hours of service day credits for each full month of employment. You may accumulate up to 160 hours. You will be paid for anything over 160 hours.

You may use your service day credits or leave of absence for such reasons as personal illness or accident, death or serious illness in the immediate family, pregnancy, or military service. Leaves may be considered time off without pay. Discuss this request with your supervisor, and each request shall be given individual consideration.

Service day credits should be used only with the prior approval of your supervisor. You must notify your supervisor early in the shift if you are sick or injured and would like to use your service day credit.

If you are absent because of illness for five or more days, you will need a medical release to return to work. If you have been out for a serious illness, accident or surgery, a release will be mandatory.

### LEAVES OF ABSENCE

If it becomes necessary for you to be out an extended period of time to recuperate from a serious illness or accident, you may be granted up to six month's leave of absence without pay, without loss of seniority.

If you leave for an active tour of military duty, you will be accorded all rights outlined by the Veteran's Readjustment Act.

### INSURANCE

You and your dependents are protected in the event of sickness, disability, or death under a comprehensive insurance benefits program. The cost of this program for you, unless otherwise indicated, is paid by the Company. You pay for coverage for your family, if you want them covered.

1. Group Life, Accidental Death, and Dismemberment:  
Details are given in a separate insurance supplement. Premiums are paid by the Company.
2. Group Medical:  
Provides coverage for non-work incurred illness or accidents. Coverage includes hospital, doctor, and additional medical expenses. See supplemental insurance supplement for details. Premiums for you are paid by the Company. If you want coverage for your dependents, you are responsible for their premiums.
3. California State Disability:  
Insures against loss of earnings as a result of non-industrial illness or accidents. Benefits are based on past earnings and payable for periods up to 6 months. Benefits begin on eighth day of illness or the first day of hospitalization, whichever comes first. See supplemental flyer for details. A percentage of your wage is deducted according to a formula prescribed by the State.

**4. Worker's Compensation:**

Accident, illness, or death while performing duties of employment. All medical expenses are covered. Disability benefits are payable based upon the State of California schedule. Premiums are paid by the Company.

**5. Optional Insurance:**

- a. Group Life and Medical Insurance may be purchased for your eligible dependents. You pay the premium.
- b. Accidental Death, Dismemberment of Loss of Sight, and/or Permanent Total Disability: Exempt employees may purchase additional coverage at a group rate. See flyer for details. You pay the premiums.

**6. Advanced Dental Care:**

This program provides a reduced cash fee for services actually rendered. Participation is voluntary. See flyer for details.

**7. California Eyecare Plan:**

This is a voluntary program. Details are given in a separate booklet. You pay all costs.

**8. Social Security:**

(Federal Insurance Contribution Act - FICA) You and the Company pay equally for Social Security. Social Security normally begins at age 65. Reduced benefits can begin as early as age 62. Your eligible dependents may also collect benefits in the event of your death.

**9. California State Unemployment Insurance:**

You may draw weekly benefits for a maximum of 26 weeks when unemployed through no fault of your own. The State will determine your eligibility and the amount of benefits based upon past earnings. The Company pays, as required by State law.

**RETIREMENT**

The Sega Retirement Plan provides a vested benefit for employees with ten years or more of credited service. The entire cost of the plan is paid by the Company. A separate booklet explains the Retirement Plan.

**CREDIT UNION**

As an employee, you and your dependents are eligible to join the Central Credit Union. If you are interested, you may secure more information from the Personnel Office.

**LUNCH ROOM**

For your convenience we maintain a lunch room with vending machines and micro-wave ovens. Cold entrees, sandwiches, soups, desserts, and hot and cold drinks are available. An attendant is also on duty to assist you.

**EDUCATIONAL AID**

An Education Aid Program has been established to encourage and financially support those of you who strive for self-improvement.

Education aid to a maximum of \$1000 per calendar year of tuition, books and lab fee costs will be provided to you, when taking courses of study outside of working hours, which are relevant to the work you are performing.

Courses selected must be approved by the Department Head and Personnel Manager prior to registration, and must be completed with a "C" or better to qualify for re-imbursement.

**EMPLOYEE RECREATION CLUB**

The employees have organized a recreation club to promote and plan social activities for you to enjoy. All persons employed at Gremlin Industries are automatically members of the Club and eligible to participate in all club activities, such as picnics, parties, and sporting functions. The Club is funded by the Company and by a percentage of the money spent in the lunch room. Join the fun!...and joining in the work can be fun, too!!

**DISCOUNT TICKETS FOR RECREATIONAL ACTIVITIES**

Discount tickets to many recreational activities are available to you. These attractions are listed on the Bulletin Boards. While planning your vacation trips, include these activities. Tickets and special membership cards may be secured from the Personnel Department.

**SUGGESTIONS AWARDS**

If you have an idea which will improve the way we make our products, simplify operations, or make our work place better, make a suggestion. If your suggestion is adopted you may receive an appropriate award. Suggestion boxes are located within the plant.

## COMPANY RULES AND REGULATIONS

It is the intention and goal of Gremlin to provide the safest possible working environment for its employees. To accomplish this requires a standard set of company rules and regulations by which all employees must abide. The following infractions may be cause for disciplinary action ranging from reprimand to disciplinary layoff to termination of employment.

1. Excessive or unjustified absences or tardiness. Failure to inform supervisor or Personnel promptly by telephone or other means when unable to report for work.
2. Unauthorized possession or use of firearms, explosive materials, or cameras on Company property.
3. Deliberate or careless damage to Company property or property of other employees.
4. Interference with, insubordination, or refusal to obey any supervisor, plant protection officer, civil defense personnel in emergencies, or other duly constituted authorities.
5. Inefficient or careless performance of duties, including failure to maintain proper standards of workmanship or productivity.
6. Disorderly conduct on Company premises such as fighting, practical jokes, horseplay, etc.
7. Possessing, drinking, or being under the influence of liquor, or narcotics, on Company property.
8. Falsifying employment application, Personnel Security Questionnaire, or other Company records.
9. Gambling on Company property.
10. Wasting time or loafing during working hours or loitering on Company property at any time.
11. Failure to observe safety rules and regulations.
12. Solicitation of funds or sale of any articles or tickets or chances is not permitted on Company premises unless specifically authorized by the Manager, Department Manager, or the Personnel Manager.
13. Initiating, signing, distributing or posting any literature, posters, handbills, petitions or any other notices on Company property unless specifically authorized by the Manager of the Personnel Department, or authorized under the provisions of the National Labor Relations Act, as amended.
14. Violation of security regulations.
15. Smoking in areas marked "No Smoking" or near inflammable materials.
16. Personal use of Company telephones without permission.
17. Theft from fellow employees, or from the Company, or from anyone on Company property.
18. Altering any timecard, punching another employee's timecard, or allowing someone-else to punch your timecard, or repeated failure to punch your timecard.
19. Failure to observe department work schedules including rest and lunch periods.
20. Leaving department or job during working hours without proper permission.

21. Working on unauthorized projects on Company premises.
22. Excessive wage attachments or garnishments.
23. Unauthorized use of or duplicating or altering Company badges, passes, or permitting another person to use badge, pass, or decal.
24. Excessive profanity.
25. Failure to observe traffic and parking regulations, including excessive speed on Company premises.
26. Unauthorized use or removal of Company records or property of any kind or of records or property in the Company's custody.
27. Immoral or indecent conduct.
28. Sleeping or resting on the job.
29. Altering or falsifying work or job records.
30. Failure to return to work upon expiration of an authorized leave or vacation.
31. Failure to report for work for three consecutive regular working days without proper notification.
32. Misrepresentation of the reasons in applying for a leave of absence or other time off from work.
33. Initiate, author, or send threatening or anonymous letters regarding any employee, the Company, or its products, or making false or malicious statements concerning them.
34. Failure to declare, or upon request, to withdraw from outside activities or interests which conflict with, detract from, or adversely affect the interests of the Company.
35. Possession, distribution, displaying or reproduction of obscene or lewd literature or pictures on Company property.
36. Failure to cooperate in keeping plant and equipment clean, or creating unsanitary conditions.
37. Failure to report an accident occurring on Company premises, or involving Company equipment, or giving false information in accident or insurance reports.
38. Failure to report to supervisor any significant errors or mistakes or accidental damage affecting the product and work assignment.
39. Unauthorized opening of, or tampering with locks in desks, doors, cabinets, etc.; or unauthorized use of or duplication of keys.
40. Identification cards and badges are Company property and issued to employees for identification and security purposes only.

I certify that I have received a copy of these Rules and Regulations, have read or have them explained to me, and that I understand them.